

William the war between four and five millions a year was raised by taxation, of which the part raised by direct taxes was rather more than half the total. The land tax, imposed in 1692, was a property tax of four shillings in the pound, which brought in finally about two millions a year, and was reduced to three shillings in the pound when peace returned. Macaulay makes the imposition of the land tax an occasion for a brilliant digression on the history of direct taxation, and the changes which took place in the rate of this particular tax till it was made permanent by Pitt in 1798.¹

As in spite of the new taxes, the income of the state was still insufficient to meet the expenditure caused by the war, the balance had to be met by raising loans, and so the national debt came into being. When William died England was burdened with a debt of about £12,500,000 (or according to another account, of over £16,000,000).²

Macaulay in another digression traces the later history of the debt down to his own day, discusses the opinions of economists and statesmen about it, and refutes their predictions that the nation would sink under the burden. 'We find it as easy/ he says, 'to pay the interest of eight hundred millions as our ancestors found it, a century ago, to pay the interest of eighty millions. . . . A long experience justifies us in believing that England may in the twentieth

¹ V, 2272-4 (xix).

- George Chalmers, in his *Estimate of the Comparative Strength of Great Britain* (1794), stated that the principal of the public debt on December 31, 1701, amounted to £16,394,701, whereon was due an annual interest of £1,109,123, and that on December 31, 1697, it had amounted to £21,515,743 (pp. So, 85 ; cf. p. 64). The blue book on Public Income and Expenditure (Parliamentary Papers, session 1868-9 : House of Commons, vol. xxiv), compiled by Mr. PL W. Chisholm, states (pt. ii, p. 298) that the national debt amounted to £15,445,416 in 1698 and to £12,552,486 in 1701. It also gives the amount of the debt in 1714 as about 36 millions, while Chalmers, whom Macaulay followed, put it at about 50 millions at that time.